



FY 2011 PERFORMANCE PLAN

Department of Housing and Community Development

MISSION

The mission of the Department of Housing and Community Development (DHCD) is to create and preserve opportunities for affordable housing and economic development, and revitalize underserved communities in the District of Columbia.

SUMMARY OF SERVICES

DHCD's fundamental activities consist of financial operations, administration of regulations and support of the independent Rental Housing Commission. The three strategic investments that DHCD focuses on are maintaining and increasing the supply of quality affordable housing, increasing homeownership opportunities and revitalizing neighborhoods. DHCD creates and preserves affordable housing in DC by providing low-cost gap financing and other subsidies for residential rehabilitation and construction projects. The agency funds single and multi-family projects as well as both rental and homeownership units. DHCD also finances community facilities and acquires and disposes of vacant and abandoned properties to stabilize neighborhoods and provide new homeownership and economic opportunities. The agency's residential and community services include homeownership assistance programs, housing counseling, storefront façade improvement, and small business technical assistance programs, which are provided by community-based organizations throughout DC. In addition, DHCD administers the rental housing regulations that govern condominium and cooperative conversions, rent control, inclusionary zoning, and affordable dwelling unit programs. The Affordable Housing Locator is also a service of DHCD and is available online at dchousingsearch.org. All of these programs and services can be accessed through DHCD's Housing Resource Center located in Ward 8.

PERFORMANCE PLAN DIVISIONS

- Housing Regulation Administration (HRA)
- Rental Housing Commission (RHC)
- Development Finance Division (DFD)
- Residential and Community Services Division (RCSD)
- Property Acquisition and Disposition Division (PADD)
- Program Monitoring Division (PMD)
- Portfolio and Asset Management Division (PAMD)
- Office of the Director (ODR)



AGENCY WORKLOAD MEASURES

| Measure | FY2008 Actual | FY2009 Actual | FY2010 YTD |
|-------------------------------------------------------------------------|------------------|------------------|---------------|
| HRA: # of customers who utilize Housing Resource Center services | N/A | N/A | 4,505 |
| RHC: # of cases received | 38 | 29 | 16 |
| DFD: # of applications for financial assistance | 40 | 46 | 38 |
| RCSD: # of HPAP applications | 968 | 572 | 623 |
| PADD: # of properties in PADD's inventory | 188 | 163 | 193 |
| PMD: # of internal and external environmental reviews requested | 137 | 180 | 175 |
| PAMD: # of loans in portfolio | 6,413 | 6,413 | 6,305 |



Housing Regulation Administration

SUMMARY OF SERVICES

The Housing Regulation Administration (HRA) administers residential housing regulations relating to condominium and cooperative conversions, rent adjustment procedures, licensing and other related matters. It is composed of two divisions, the Rental Accommodation Division (RAD) and the Rental Conversion and Sales Division (CASD), and manages the DHCD Housing Resource Center. HRA also houses the Housing Provider Ombudsman, administers the District's Inclusionary Zoning Program, monitors and enforces many of the District's affordable dwelling units, and manages DHCD's Housing Resource Center.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing

INITIATIVE 1.1: Implement a Case Management Tracking System and Conduct First Lottery for Inclusionary Zoning

In FY11, DHCD will hold the first IZ lottery for affordable housing units and ensure that IZ covenants are approved and filed in accordance with the law. As part of the DC Government's partnership with Accela, DHCD will implement a Case Management Tracking System (CMTS) beginning with a system for Inclusionary Zoning (IZ) monitoring and enforcement. This system will identify, register and track lottery functions related to IZ units and ensure new developments meet IZ affordability standards. Once this first module is in place, management and workflow requirements will be created for the Housing Regulation Administration, and ultimately, customers to the Housing Resource Center seeking information and services on all of the agency's programs. The end result will be increased coordination and data sharing across Divisions, enhanced ability to assess Agency performance and improved employee efficiency and accountability. **Completion date: Implementation February, 1, 2011; First Lottery: April 1, 2011.**

INITIATIVE 1.2: Conduct a Rent Control Study

In the past decade, the District of Columbia housing market experienced a sharp increase in housing prices. The lack of affordable housing has been particularly burdensome for low- and moderate- income residents. HRA will conduct a Rent Control Study in an effort to produce alternatives to the current rent control system, present solutions to remove corresponding barriers to affordable housing and move the Agency towards the vision of "Sustainable City, Complete Neighborhoods." **Completion date – September 30, 2011.**



OBJECTIVE 2: Revitalize Neighborhoods, Promote Community Development and Provide Economic Opportunities

INITIATIVE 2.1: Expand and Enhance Housing Provider Ombudsman Education Series

The Housing Provider Ombudsman (HPO) helps small housing providers better understand the District of Columbia’s housing laws. To this end, the HPO explains HRA notices, petitions and general forms. The HPO also provides technical assistance on rent control, tenant opportunity to purchase, and the sale and conversion process. In FY11, the HPO will expand education and outreach of stakeholders (e.g. small housing providers, small housing provider agents, and real estate agents) through four quarterly stakeholder meetings and ongoing seminars. **Completion date – September 30, 2011.**

PROPOSED KEY PERFORMANCE INDICATORS – Housing Regulation Administration

| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY12 Projection | FY13 Projection |
|-------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|-------------------|-----------------|-----------------|
| % of orders issued on voluntary agreement petitions within 45 calendar days | Not Available | 90% | 88.89% | 90% | 95% | 95% |
| % of orders issued on hardship petitions within 90 calendar days of receipt ¹ | Not Available | 80% | 10.00% | 90% | 95% | 95% |
| % of condo registration applications processed within 60 calendar days | Not Available | 95% | 95.45% | 98% | 98% | 98% |
| % of structural defect warranty claim notices processed within 60 calendar days | Not Available | 95% | 72.73% | 95% | 95% | 95% |
| % of complete housing assistance payment requests processed within 30 calendar days | Not Available | 95% | 100.00% | 95% | 95% | 95% |
| # of inclusionary zoning units built | Not Available | TBD | Baseline | TBD | TBD | TBD |
| % of lotteries conducted for inclusionary units within 17 calendar days of receiving notice of availability | Not Available | 95% | Not Available | 95% | 95% | 95% |

Rental Housing Commission

¹ The position of Rent Administrator, which had been vacant since 2009, was filled in Q4 of FY10. DHCD anticipates that this action will result in the increased ability to meet the FY11 projection.



SUMMARY OF SERVICES

The Rental Housing Commission (RHC) is charged with the responsibility of enforcing the Rental Housing Act of 1985, as amended. The commission has three statutory functions in order to preserve and increase the supply of quality affordable housing in the District: 1) to issue, amend and rescind regulations that are promulgated for enforcement of the Act; 2) to certify and publish the annual adjustment of general applicability to rents and/or rent ceilings, which adjustment is based upon annual changes (if any) in the consumer Price Index for the applicable region in which the District of Columbia is located; and 3) decide appeals brought to the Commission from the Rent Administrator and the Office of Administrative Hearings (OAH). Although the Commission is an independent quasi-judicial body, it has direct reporting responsibility to DHCD on administrative, management and budgetary matters.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing.

INITIATIVE 1.1: Create Standard Operating Procedures Manual.

A standard operating procedures manual will serve as a guide for management and administrative procedures, provide a detailed outline of the processes for rent control appeals and educate new Commissioners about DC Housing Regulations. The operating procedures manual will facilitate in the creation of a streamlined RHC process to better serve the large number of District renters through the timely resolution of their legal appeals and will reduce government spending through processes and management efficiencies. The operating manual will also set guidelines for process transparency and performance accountability. **Completion date – September 30, 2011.**

INITIATIVE 1.2: Implement Process to Streamline Case Resolution.

Appeals of landlords and tenants disputes are not decided on timely basis by the RHC. Between 2006 and 2009, the RHC on average decided about 11 cases annually (2006 to 2009 average) while receiving an average of 24 cases annually during the same timeframe. In conjunction with the creation of a standard operating procedures manual, a new case resolution process will be implemented whereby regular management meetings will be held, Commissioner workload will increase from 1 to 3 cases at a time, hearings will be scheduled on fixed timelines (as opposed to based on attorney availability), cases will be categorized by difficulty, backlogged cases will be prioritized, commissioners will specialize in specific types of cases (i.e., hardship petitions, capital improvements) and the case tracking dashboard will be used more efficiently. The timely resolution of appeals through a sustainable and transparent process will increase the Commission's credibility, improve customer satisfaction and prevent a future backlog. **Completion date – September 30, 2011.**



PROPOSED KEY PERFORMANCE INDICATORS – Rental Housing Commission

| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD ² | FY2011 Projection | FY12 Projection | FY13 Projection |
|------------------------------------------------------------------------------------|---------------|---------------|-------------------------|-------------------|-----------------|-----------------|
| # of appeals disposed | 31 | 33 | 0 | 31 | 32 | 33 |
| # of appeals cases > 3 years old | 18 | 18 | 27 | 18 | 14 | 10 |
| % of cases processed under 6 weeks (from date of commencement) | Not Available | 55% | 50% | 55% | 65% | 70% |
| Average amount of time from receipt of case to assignment | 12 mo | 10 mo | 8mo | 3mo | 3mo | 3mo |
| % of hearings scheduled within 30 day requirement | 100% | 100% | 67% | 100% | 100% | 100% |
| Average # of calendar days between receipt of case and final decision ³ | 101 | Not Available | 91 | 91 | 91 | 91 |

² The Rental Housing Commission has been without a quorum since January 14, 2010.

³ New KPI for FY11, Annual measurement.



Development Finance Division

SUMMARY OF SERVICES

DHCD's Development Finance Division (DFD) provides funding for the development of affordable rental and homeownership developments, as well as community facilities. As the key division for both the creation and preservation of affordable housing units, DFD plays a prominent role in helping the agency achieve its annual multifamily housing production goals.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing.

INITIATIVE 1.1: Implement Tiered Target Area Investment Strategy.

DHCD identified several areas for targeted investment through the Five-Year Consolidated Plan's city-wide citizen participation process. Tier One focuses on projects in Wards 5, 7, and 8 that compliment DHCD's Livability Principles, Tier Two focuses on high priority projects where coordination with other District agencies is developed, Tier Three focuses on areas of general poverty and Tier Four focuses on distributing mixed income housing more equitably across the entire city. This initiative will be implemented through the prioritization of Tiered Target Areas in Requests for Proposals (RFPs) and other future funding opportunities, an increase in the percentage of dollars expended in the Tiered Target Areas and the fulfillment of NSP2 grant expenditure requirements, which parallel the goals of the Tiered Target Area Investment Strategy. In effecting this tiered strategy, DFD's role will be to increase affordable housing by leveraging private investment and to cultivate vibrant and safe places to live by prioritizing projects that prevent further concentration of poverty. **Completion date – September 30, 2011.**

INITIATIVE 1.2: Reduce Loan Delinquency and Increase Collections (Joint Initiative with PAMD).

DFD, in conjunction with Portfolio and Asset Management Division (PAMD), will develop an efficient, cross-divisional, internal risk rating system that will allow for a standardized, consistent and ongoing analysis of individual project and Agency risk exposure. Further, the Agency will create standardized loan documents that will mirror Federal reporting requirements to create reporting and monitoring efficiencies internally and externally. Along these lines, DHCD has identified seven projects from the Troubled Property List for increased analysis and repositioning. Increased monitoring, assessment and analysis of DHCD's loan portfolio is expected to reduce the loan delinquency rate to under 2%. Further, this will result in an increase in collections of previously expended funds and allow for increased reinvestment into the supply of affordable housing units. **Completion date – September 30, 2011.**

OBJECTIVE 2: Increase Homeownership Opportunities.

INITIATIVE 2.1: Execute First Year of Three Year Effort to Stabilize Targeted Neighborhoods through NSP2 Grant (Joint Initiative with RCSD and PADD).



In recognition of the tremendous need to stabilize DC neighborhoods hardest hit by the economic downturn and foreclosure crisis, DHCD was awarded \$9,550,562 by the U.S. Department of Housing and Urban Development (HUD) under the competitive Neighborhood Stabilization Program. PADD will obligate these funds for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will house individuals or families whose incomes do not exceed 50% of the area median income. DFD will obligate the funds to redevelop abandoned or foreclosed properties to prevent foreclosure of affordable multi-family housing units and RCSD will expend the funds through the HPAP program. In accordance with the requirements of the grant, 25% of the funds will be expended in FY11, 50% will be expended by February FY12, and 100% will be expended by FY13. By committing or expending all funds awarded in accordance with grant requirements DHCD will stabilize Tiered Target Neighborhoods by decreasing the number of vacant and abandoned residential properties and providing financing to properties at risk of foreclosure. Further, these properties will also meet the objectives as set forth by “Sustainable City, Complete Neighborhoods” by transforming troubled properties into housing opportunities for District residents. **Completion date – September 30, 2011.**

OBJECTIVE 3: Revitalize Neighborhoods, Promote Community Development and Provide Economic Opportunities.

INITIATIVE 3.1: Commit or Expend Awarded American Recovery and Reinvestment Act of 2009 (ARRA) Funds and Housing and Economic Recovery Act of 2008 (HERA) Funds.

With the passing of HERA and ARRA, new federal programs were established to help communities hardest hit by the current economic crisis. With the goal of “Sustainable City, Complete Neighborhoods” and within the framework of the Livability Principles, DFD is investing stimulus dollars made available to DC through the Section 1602 Low Income Housing Tax Credits Exchange Program, the Tax Credit Assistance Program (TCAP) and the Community Development Block Grant-Recovery (CDBG-R) program. Section 1602 must be 100% expended by January 1, 2011; TCAP must be 75% expended by February 16, 2011 and 100% by February 16, 2012; and CDBG-R must be 100% expended by September 30, 2012. These funds will draw private sector investment into low-to-moderate income communities and will allow DHCD’s to stretch its other financing sources, like the Housing Production Trust Fund and Unified Fund, to serve more residents. Results will be posted on recovery.gov, on the Mayor’s stimulus website, recovery.dc.gov, and on the Housing Recovery section of DHCD’s website. **Completion date – September 30, 2011.**



PROPOSED KEY PERFORMANCE INDICATORS – Development Finance Division

| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY12 Projection | FY13 Projection |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|-------------------|-----------------|-----------------|
| % of District owners spending >30% of income on monthly housing costs ¹ | 37.5 | 30% | Not Available | 35% | 35% | 35% |
| % of District renters spending >30% of income on housing costs ¹ | 45.5 | 45% | Not Available | 45% | 45% | 45% |
| Total affordable housing units funded (new and rehab) ² | 940 | 900 | 872 | 900 | 900 | 900 |
| Total special needs housing units funded (elderly, disabled, and homeless units) | 121 | 150 | 108 | 150 | 150 | 150 |
| Total new homeownership units funded | 83 | 80 | 38 | 80 | 80 | 80 |
| Total First Right Purchase Assistance Program (tenant purchase) units funded – FRP New and Rehab Units | 59 | 100 | 168 | 100 | 100 | 100 |
| Total affordable housing units rehabilitated | 450 | 250 | 579 | 200 | 200 | 200 |
| Total affordable housing units preserved (via loan structuring, technical aid, etc.) | N/A | 200 | 117 | 200 | 200 | 200 |
| % of affordable housing units competitively evaluated and advancing to underwriting in the respective FY, that are highly sustainable and meet the Green Communities criteria | 75% | 95% | Not Available | 100% | 100% | 100% |
| Number of New Low-Moderate Income Housing Units Completed per \$100,000 of Public Financial Assistance ³ | Not Available | Not Available | 1.4 | 1.4 | 1.4 | 1.4 |

¹ American Community Survey, annual measurement, 1 year lag time (2009 release date is (9/28/10)

² DHCD funds a unit of affordable housing when a project has completed all application and underwriting processes and its funding has been obligated in SOAR (System of Accounting and Reporting).

³ Annual Industry Standard Measure for Jurisdictions with over 100,000 residents collected by ICMA. For FY09 the mean is 7.5 and the median is 2.0.



Residential and Community Services Division

SUMMARY OF SERVICES

The Residential and Community Services Division (RCSD) provides funding for programs focused on household level housing needs and neighborhood revitalization. RCSD works through neighborhood-based organizations providing comprehensive housing counseling, small business technical assistance and façade improvement opportunities. RCSD administers the District's Home Purchase Assistance Program and Employee Assisted Housing Programs, which provide financial assistance for low and moderate-income households and District Government employees for the purpose of first-time home purchase. The Division also provides rehabilitation resources, including grants for lead hazard remediation to eligible units and loans and grants to income-qualified owner-occupant DC residencies in order to preserve homeownership in the District.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing.

INITIATIVE 1.1: Execute Second Year of Three-Year ARRA Lead Hazard Reduction Demonstration Grant.

Deteriorated lead-based paint and lead-contaminated dust present significant health hazards to individuals of all ages and children younger than six-years-old in particular. In May 2009, the US Department of Housing and Urban Development (HUD) awarded DHCD \$2.6 million in funding for lead hazard reduction under ARRA. Under the Lead Safe Washington Program (LSW) residents receive funding to identify and control lead-based paint hazards in eligible single- and multi-family dwellings. Combined with local funds, RCSD can address the lead-based paint and lead dust hazards in housing in order to create a lead-safe environment for up to 170 housing units by the end of FY12. In order to achieve this, RCSD must meet the quarterly HUD benchmarks for unit clearance, risk assessments and funds expended. Specifically, 55% (\$1.4 million) of the grant funds must be expended and 94 units must be created by May 31, 2011 and 100% (\$2.6 million) of the grant funds must be expended and 170 units must be created by May 31, 2012. **Completion date – September 30, 2011.**

OBJECTIVE 2: Increase Homeownership Opportunities.

INITIATIVE 2.1: Expand Use of FHA Insured 203(k) Streamlined Loans (203(k) Loans) in Conjunction with the Home Purchase Assistance Program (HPAP).

DHCD provides a variety of homeownership assistance products to targeted populations in order to encourage homeownership and residency in the District. Allowing the use of 203(k) Loans with these products permits homebuyers to finance an additional \$35,000 into their mortgage to improve or upgrade their home before move-in. Participation in homeownership programs will be increased by expanding outreach through increased training of Community Development Organizations (CDOs), greater outreach and



coordination with unions and other stakeholder groups, and informational and educational materials enhanced to highlight the ability to combine the programs. The benefits of enhanced outreach, in particular the marketing of the 203(k) in conjunction with HPAP, are many. First, it will assist first time homebuyers in obtaining affordable homes. Second, it will assist in moving foreclosed homes out of the hands of banks and into the hand of low and moderate- income residents. Third, it will place current vacant units back onto the tax rolls and help revitalize neighborhoods by reducing the number of vacant and abandoned properties. Increased participation in these programs will help DHCD achieve its Livability Principles by enabling low-income residents to become self-sufficient, encourage government employees to reside in the District and assist in the creation of generational wealth through homeownership. **Completion date – September 30, 2011.**

INITIATIVE 2.2: Execute First Year of Three Year Effort to Stabilize Targeted Neighborhoods through NSP2 Grant (Joint Initiative with DFD and PADD).

In recognition of the tremendous need to stabilize housing in DC neighborhoods hardest hit by the economic downturn and foreclosure crisis, DHCD was awarded \$9,550,562 by the U.S. Department of Housing and Urban Development (HUD) under the competitive Neighborhood Stabilization Program. PADD will obligate these funds for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will house individuals or families whose incomes do not exceed 50% of the area median income, DFD will obligate the funds to redevelop abandoned or foreclosed properties to prevent foreclosure of affordable multi-family housing units and RCSD will expend the funds through the HPAP program. In accordance with the requirements of the grant, 25% of the funds will be expended in FY11, 50% will be expended by February FY12, and 100% will be expended by FY13. By committing or expending all funds awarded in accordance with grant requirements DHCD will stabilize Tiered Target Neighborhoods by decreasing the number of vacant and abandoned residential properties and providing financing to properties at risk of foreclosure. Further, these properties will also meet the objectives as set forth by “Sustainable City, Complete Neighborhoods” by transforming troubled properties into housing opportunities for District residents. **Completion date – September 30, 2011.**

OBJECTIVE 3: Revitalize Neighborhoods, Promote Community Development and Provide Economic Opportunities.

INITIATIVE 3.1: Complete Overhaul of the Storefront Façade Development Process.

RCSD provides grants through non-profit partners to retail and commercial property owners to enhance retail and commercial façades in targeted areas of the District. Generally, a grant of up to 80% of construction costs for façade improvements is awarded. An additional 20% is provided to the non-profit for administrative and management costs including outreach efforts, design fees, project management, and construction administration. In FY10, RCSD enhanced the image and overall



effectiveness of the storefront façade improvement program by streamlining the development process and increasing the number of façades improved from FY09. In FY11, the process will continue with best practices research on how other jurisdictions develop and implement façade improvement programs, particularly using federal funds, the development of improved internal policies and procedures with our non-profit partners in order to increase program efficiency and enhance marketing. DHCD will also work to expand awareness of the program within the District government, including how it can complement other or nearby development efforts, or the programs and initiatives of other agencies. In FY11, RCSD will continue to improve the program through the efficient allocation of ARRA funds, focused investment in the Tiered Target Neighborhoods for projects that meet the Livability Principles and expenditure of all remaining stimulus funds. **Completion date – September 30, 2011.**

PROPOSED KEY PERFORMANCE INDICATORS – Residential and Community Services Division

| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY12 Projection | FY13 Projection |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|------------|-------------------|-----------------|-----------------|
| Total affordable housing units funded | 659 | 425 | 354 | 425 | 550 | 700 |
| Total Single Family Rehab units funded | 66 | 65 | 39 | 75 | 80 | 80 |
| Total Lead Multifamily units funded | 273 | 60 | 30 | 65 | 70 | 70 |
| Total Residential Rehab Elderly, Disabled, and Homeless units (special needs) funded | 20 | 10 | 27 | 15 | 20 | 20 |
| Total Home Purchase Assistance Program (HPAP) Elderly, Disabled, and Homeless units (special needs) funded | 6 | 5 | 7 | 10 | 10 | 10 |
| # of first-time homebuyers funded by HPAP | 320 | 300 | 223 | 400 | 500 | 500 |
| # of District employee homebuyers funded by EHAP | Not Available | 80 | 73 | 80 | 90 | 100 |
| # of District employee homebuyers funded by NEAHP | Not Available | 100 | 3 | 25 | 50 | 75 |
| # of Elevated Blood Level cases in the District ¹ | Not Available | 30 | 64 | 40 | 35 | 30 |
| # of storefront façades improved | 32 | 50 | 71 | 40 | 90 | 50 |
| Average cost per façade unit funded | Not Available | 25,000 | 29,333 | 25,000 | 25,000 | 25,000 |

¹ Industry Standard – collected by the U.S. CDC in conjunction with DDOE. The current national average is approximately 1%.



Property Acquisition and Disposition Division

SUMMARY OF SERVICES

The Property Acquisition and Disposition Division (PADD) stabilizes and revitalizes neighborhoods by decreasing the number of vacant and abandoned residential properties in the District, and transforming vacant and/or abandoned residential properties into homeownership opportunities for District of Columbia residents at all income levels. PADD has three main functions: (1) encourage property owners to rehabilitate and/or occupy their vacant and abandoned residential property; (2) acquire vacant, abandoned and deteriorated properties through negotiated friendly sale, eminent domain, donation or tax sale foreclosure; and (3) dispose of properties in the PADD inventory for rehabilitation into high quality affordable and market-rate single-family and/or multifamily for-sale housing in District neighborhoods.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing.

INITIATIVE 1.1: Execute First Year of Three Year Effort to Stabilize Targeted Neighborhoods through NSP2 Grant (Joint Initiative with DFD and RCSD).

In recognition of the tremendous need for affordable housing in DC neighborhoods hardest hit by the foreclosure crisis, DHCD was awarded \$9,550,562 by the U.S. Department of Housing and Urban Development (HUD) under the competitive Neighborhood Stabilization Program. PADD will obligate these funds for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will house individuals or families whose incomes do not exceed 50% of the area median income, DFD will obligate the funds to redevelop abandoned or foreclosed properties to prevent foreclosure of affordable multi-family housing units and RCSD will expend the funds through the HPAP program. In accordance with the requirements of the grant, 25% of the funds will be expended in FY11, 50% will be expended by February FY12, and 100% will be expended by FY13. By committing or expending all funds awarded in accordance with grant requirements DHCD will stabilize Tiered Target Neighborhoods by decreasing the number of vacant and abandoned residential properties and providing financing to properties at risk of foreclosure. Further, these properties will also meet the objectives as set forth by “Sustainable City, Complete Neighborhoods” by transforming troubled properties into homeownership opportunities for District residents. **Completion date – September 30, 2011**

OBJECTIVE 2: Revitalize Neighborhoods, Promote Community Development and Provide Economic Opportunities.

INITIATIVE 2.1: Complete Three-Year Effort to Recapture Properties from Non-Performing Developers.

DHCD began monitoring and enforcing non-compliant properties disposed through the previously existing Homestead Housing and Preservation Program and Home Again Initiative in FY09. These activities continued in FY10 for seven remaining properties that were in default through litigation activities in which the requirements to pay outstanding



construction debts were enforced. In FY11, the recapture process will be completed and the properties will be incorporated into the disposition pipeline to become affordable units and market units for DC residents. **Completion date – September 30, 2011.**

INITIATIVE 2.2: Implement the Turnkey Residential Development Initiative.

During an FY09 CapStat, the Mayor requested that PADD explore and implement a program whereby the District would hire contractors directly to perform rehabilitation or new construction on properties currently in the PADD inventory and then sell the finished units to District residents. Planning for this Turnkey Initiative began in FY09 and implementation began in FY10. In FY11, the Turnkey Initiative will be actualized with the first properties being prepared for market consumption by going through the process of permitting, releasing a track order RFP and building construction. Each unit is estimated to cost between \$200,000 and \$250,000 to rehabilitate or build new construction. It is estimated that up to 10 units will be developed at a cost of approximately \$2,050,000.00, with five units expected to be under construction by December 2010. The units are planned to be sold at or slightly below cost in order to achieve an affordability range of 50% - 80% AMI, recoup a portion of the District’s investment and meet the Livability Principles. **Completion date – September 30, 2011.**

INITIATIVE 2.3: Acquire Vacant Commercial Property in Historic Anacostia.

PADD will target five vacant commercial properties in Historic Anacostia for recapture in order to further facilitate the neighborhood revitalization efforts and meet the objectives of “Sustainable City, Complete Neighborhoods.” These acquisitions will occur over the next two fiscal years and will then be rehabilitated and disposed through PADD programs, complementing the agency’s work in Historic Anacostia under the NSP2 grant, and through the many DFD and RCSD projects that are active in the neighborhood. **Completion date – September 30, 2011.**

PROPOSED KEY PERFORMANCE INDICATORS – Property Acquisition and Disposition Division

| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY12 Projection | FY13 Projection |
|--------------------------------------------------------------------------------------------------------------------------|---------------|---------------|------------|-------------------|-----------------|-----------------|
| # of properties acquired | 11 | 20 | 30 | 25 | 30 | 30 |
| # of total properties acquired in targeted neighborhoods (Ivy City/Trinidad, Historic Anacostia, & Washington Highlands) | 4 | 10 | 8 | 10 | 15 | 20 |
| # of properties recaptured from developers or transferees | 2 | 8 | 15 | 10 | 10 | 12 |
| # of properties for which disposition agreements were executed | 49 | 50 | 3 | 55 | 60 | 60 |
| # of housing units rehabilitated through acquisition of abandoned properties | 43 | 45 | 37 | 45 | 55 | 70 |
| # of affordable housing units created or | 32 | 35 | 27 | 45 | 60 | 60 |



| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY12 Projection | FY13 Projection |
|--------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-----------------------|------------------------------|----------------------------|----------------------------|
| rehabilitated through acquisition of abandoned properties | | | | | | |
| Average # of years of affordability for units created or rehabilitated through acquisition of abandoned properties | 10 | 10 | 8 | 15 | 20 | 20 |
| # of properties investigated that result in rehabilitation by the owner | Not Available | 10 | 4 | 5 | 5 | 5 |
| Average cost per property of acquisitions ¹ | \$190,000 | \$190,000 | \$17,695 | \$190,000 | \$190,000 | \$190,000 |

¹ FY10 YTD costs are lower than projected due to recapture methods available for FY10 YTD properties recaptured. Costs are expected to increase in alignment with projections due to costs associated with more complex recaptures.



Program Monitoring Division

SUMMARY OF SERVICES

The Program Monitoring Division (PMD) conducts oversight and reviews of DHCD projects and funding recipients. Its core functions include the following types of oversight: (1) contract compliance – completing various federally required compliance reviews as part of the underwriting and project development process; (2) quality assurance – monitoring the compliance of DHCD funded sub-recipients with federal HOME Investments Partnership Program (HOME) and Community Development Block Grant Program (CDBG) funding requirements; and (3) compliance monitoring – ensuring projects developed by DHCD through the Housing Production Trust Fund (HPTF), CDBG, HOME and Low Income Housing Tax Credit (LIHTC) programs remain in compliance with federal and local program requirements throughout the duration of the projects' periods of affordability.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing.

INITIATIVE 1.1: Ensure ARRA Funds are Monitored and Reported.

PMD will monitor all ARRA funds as they are received and expended by DHCD and will report on all areas required under Federal regulations, such as project period, award type, project description and status, jobs funded and recipient area of benefit. PMD will also ensure that all sub-recipients of these funds meet the Recovery Act's unprecedented accountability and transparency standards, including all reporting requirements.

Additionally, PMD will administer inspections for all units funded under the Homeless Prevention and Rapid Re-Housing Program (HPRP) which has a requirement to spend 60% of the grant by July 21, 2011. **Completion date – September 30, 2011.**

OBJECTIVE 2: Increase Home Ownership Opportunities.

INITIATIVE 2.1: Hold Annual Fair Housing Symposium and Conduct Analysis of Impediments to Fair Housing Choice (AI).

As an entitlement jurisdiction, the District must adhere to Section 808(e)(5) of the Fair Housing Act which provides for Affirmatively Further Fair Housing (AFFH). As part of this requirement, DHCD must conduct an Analysis of Impediments to Fair Housing Choice (AI) on five-year intervals as mandated by regulation. The District is required to: (1) Conduct an analysis to identify impediments to fair housing choice within the jurisdiction; (2) take appropriate actions to overcome the adverse effects of any impediments identified through the analysis; and (3) maintain records reflecting the analysis and actions taken in this regard. DHCD will conduct a series of roundtable discussions with advisory groups composed of key stakeholders, which will ensure that the analysis reflects a cross-section of constituent views. In addition to these advisory group meetings, DHCD will conduct an investigative report that will provide a comprehensive analysis of the District's impediments to fair housing choice. The goal is to ensure that all residents, regardless of their protected category, have access to publicly or privately financed housing and that all processes in the housing industry are equitable.



Completion date – May 31, 2011.

Held in celebration of National Fair Housing Month, the Annual Fair Housing Symposium is a collaboration of government and non-profit partners to educate public and private fair housing advocates, community-based organizations, and housing industry providers on the critical fair housing issues affecting housing accessibility and choice.

Completion date – April 30, 2011.

OBJECTIVE 3: Revitalize Neighborhoods, Promote Community Development and Provide Economic Opportunities.

INITIATIVE 3.1. Increase Compliance of Section 3 Program.

The Section 3 program within DHCD is aimed at creating greater opportunities for recruitment and employment of low- and very low-income residents and business interests by DHCD funded developers working on contracts partially or wholly funded through HUD. In order to achieve this goal PMD will implement procedures designed to notify Section 3 residents about training and employment opportunities, notify Section 3 businesses of contracting opportunities generated by Section 3 covered assistance, and facilitate the training and employment of Section 3 residents. Milestones for the completion of this initiative will be the development of a communications plan for both Section 3 residents and Section 3 businesses and a revision of contracting policies and procedures. **Completion date – September 30, 2011.**

PROPOSED KEY PERFORMANCE INDICATORS – Program Monitoring Division

| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY12 Projection | FY13 Projection |
|--------------------------------------------------------------------------------|---------------|---------------|---------------|-------------------|-----------------|-----------------|
| Total number of grant projects reviewed | Not Available | 60 | 135 | 95 | 105 | 115 |
| % of DHCD environmental reviews ¹ conducted within 45 calendar days | Not Available | 95% | 69.00% | 80% | 90% | 95% |
| % of Fair Housing Reviews completed within stated Division timelines | Not Available | Not Available | 100% | 98% | 98% | 98% |
| # of Section 3 Businesses Concerns certified | Not Available | Not Available | Baseline | 10 | 12 | 15 |
| # of Section 3 Jobs Created | Not Available | Not Available | Not Available | 15 | 20 | 25 |
| # of eligible Community | Not | 12 | 8 | 8 | 12 | 12 |

¹ OPM staff complete a HUD-approved checklist after it independently reviews all of the environmental information collected for each site. Additionally, in accordance with the National Environmental Protection Act (NEPA), OPM has provided public notice and reviewed the environmental effects of proposed housing related activities throughout the District and concluded that a broad range of activities will not have an adverse impact on the environment.



| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY12 Projection | FY13 Projection |
|---------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-----------------------|------------------------------|----------------------------|----------------------------|
| Housing Development Organizations certified/recertified by fiscal year-end | Available | | | | | |
| # of required physical inspections and file reviews of units conducted annually for HOME and LIHTC properties | Not Available | 1,000 | 1,098 | 1,000 | 1,000 | 1,000 |



Portfolio and Asset Management Division

SUMMARY OF SERVICES

The Portfolio and Asset Management Division (PAMD) manages the allocation of Low Income Housing Tax Credits (LIHTC) and provides portfolio management oversight to outstanding loans in the division. Established in FY 2008, the division monitors the status of existing loans to ensure collections of loans that are due and compliance with loan covenants. PAMD also analyzes the risks and relationships of potential borrowers to protect the Department’s assets.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing.

INITIATIVE 1.1: Enhance Monitoring the Portfolio of District of Columbia Low Income Housing Tax Credits (LIHTC).

The LIHTC Program was enacted by Congress in 1986 to provide owners of qualifying properties a federal tax incentive with the Internal Revenue Service for providing rental housing at affordable rates for individuals and families of low or moderate income levels. As mandated by the Internal Revenue Service, DHCD is charged with insuring ongoing compliance of LIHTC properties in the District of Columbia by providing oversight of the allocation of the credits. In FY11, DHCD will enhance monitoring of LIHTC through ongoing monitoring of financial performance and through the review of taxes, insurance and overall compliance with loan document requirements. **Completion date – September 30, 2011.**

INITIATIVE 1.2: Reduce Loan Delinquency and Increase Collections (Joint Initiative with DFD).

Development Finance Division, in conjunction with PAMD, will develop an efficient, cross divisional, internal risk rating system that will allow for a standardized, consistent and ongoing analysis of individual project and Agency risk exposure. Further, the Agency will create standardized loan documents that will mirror Federal reporting requirements to create reporting and monitoring efficiencies internally and externally. Along these lines, DHCD has identified 7 projects from the Troubled Property List for increased analysis and repositioning. Increased monitoring, assessment and analysis of DHCD’s loan portfolio is expected to increase the percentage of loans in good standing by 5% decrease the percentage of loans more than 30 calendar days delinquent by 1% and allow for 50% of multi-family loans to be risk rated. Further, this will result in an overall reduction in loan delinquency, an increase in collections of previously expended funds and allow for increased reinvestment into the supply of affordable housing units. **Completion date – September 30, 2011.**

PROPOSED KEY PERFORMANCE INDICATORS – Portfolio and Asset Management Division

| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY2012 Projection | FY13 Projection |
|-----------------------------|---------------|---------------|------------|-------------------|-------------------|-----------------|
| % of all required financial | Not | 39% | 45.00% | 50% | 75% | 85% |



| Measure | FY2009 Actual | FY2010 Target | FY2010 YTD | FY2011 Projection | FY2012 Projection | FY13 Projection |
|-----------------------------------------------------------------------|--------------------------|--------------------------|-----------------------|------------------------------|------------------------------|----------------------------|
| reviews completed | Available | | | | | |
| % of loans in good standing from previous quarter | 83% | 87% | 87.96% | 92% | 97% | 98% |
| % increase in # of loans in good standing from previous quarter | 3.57% | 4.17% | 5.43% | 4.37% | 4.59% | 4.83% |
| % of loans more than 30 calendar days delinquent | 2.00% | 1.91% | 2.99% | 1.91% | 1.81% | 1.72% |
| % of loans in default | 17% | 12% | 6.07% | 12% | 8% | 3% |
| # of loans moved from delinquent to correct status | 60 | 45 | 47 | 60 | 70 | 80 |
| % of multi family loans risk rated | Not Available | Not Available | Not Available | 50% | 60% | 70% |
| % of financial reports collected from existing borrowers ¹ | Not Available | 2% | 1.3% | 2% | 3% | 4% |

¹ PAMD collects this data in order to monitor the status of existing loans and to ensure compliance with loan covenants.



Office of the Director

SUMMARY OF SERVICES

The Office of the Director (OD) leads the department in meeting its mission to create and preserve opportunities for affordable housing and economic development and to revitalize underserved communities in the District of Columbia. DHCD has three strategic objectives: (1) preserving and increasing the supply of quality affordable housing; (2) increasing homeownership opportunities; and (3) revitalizing neighborhoods, promoting community development, and providing economic opportunities.

OBJECTIVE 1: Preserve and Increase the Supply of Quality Affordable Housing.

INITIATIVE 1.1: Execute the First Year of DHCD's New Five-Year Consolidated Plan.

Fiscal Year 2011 (FY11) will mark the first year of the FY11 – FY15 Five-Year Consolidated Plan (Plan). The overarching theme of the Plan is “Sustainable City, Complete Neighborhoods” and is embodied in the Six Livability Principles: Provide More Transportation Choices, Promote Equitable Affordable Housing, Enhance Economic Competitiveness, Support Existing Communities, Coordinate Policies and Leverage Investment and Value Communities and Neighborhoods. The FY11 Action Plan, which is also an application to the U.S. Department of Housing and Urban Development (HUD) for Federal FY10 funding, will serve as a strategic roadmap for the activities that each Division will perform and ensure that the Livability Principles are embodied in the services that are provided. **Completion date – September 30, 2011.**

OBJECTIVE 2: Increase Homeownership Opportunities.

INITIATIVE 2.1: Implement the Multi-family Tax Abatement Program.

Under new authorities granted to the agency in FY10 and FY11, DHCD will create incentives to preserve and create multi-family affordable housing in the District through tax abatement programs in partnership with the Office of Tax and Revenue. For instance, the program will provide tax relief and other financial incentives (such as water and sewer fee relief) to distressed rental property owners contingent on the affordability of the housing units and on the rehabilitation of the housing units. The purpose of these abatements will be to protect the supply of affordable housing by encouraging owners to grow the supply of mixed income housing communities in the Tiered Targeted Areas. Tiered Targeted Areas prioritize resource allocation based on the goals of regional sustainability, integrated development coordination with other District agencies, revitalizing areas of general poverty and underserved need, and citywide economic integration of subsidized housing. This



program will strengthen the District’s economic and tax base as well as create, preserve and upgrade the supply of affordable housing units by reducing tax liability instead of through direct spending.

Completion date – September 30, 2011.

OBJECTIVE 3: Revitalize Neighborhoods, Promote Community Development and Provide Economic Opportunities.

INITIATIVE 3.1: Meet Accountability and Transparency Requirements of the American Recovery and Reinvestment Act of 2009 (ARRA).

DHCD received approximately \$70 million in ARRA funds through multiple competitive and formula grant and tax credit programs for affordable housing, including the Neighborhood Stabilization Program (NSP); Section 1602 Grants in Lieu of Low Income Housing Tax Credit Program; Tax Credit Assistance Program (TCAP); Homelessness Prevention and Rapid Re-housing Program (HPRP); Community Development Block Grant-Recovery (CDBG-R) Program and Lead Hazard Reduction Demonstration Grants. All funds must be spent within two to three years of the award date. In FY10, DHCD expended approximately \$30 million of the awarded stimulus funds and will continue to expend the remaining funds in FY11 consistent with the requirements of each grant. These funds have and will continue to help the District with homelessness prevention, neighborhood stabilization, lead abatement, façade improvements, small business assistance, community development and tax credit assistance to developers of affordable housing. It is the responsibility of the Office of the Director to ensure that all funds are managed and expended efficiently and effectively and to comply with the transparency and accountability requirements of the Federal government. Results are posted on recovery.gov, on the Mayor’s stimulus website, recovery.dc.gov, and on the Housing Recovery section of DHCD’s website. **Completion date – September 30, 2011.**

PROPOSED KEY PERFORMANCE MEASURES – Office of the Director

| Measure | FY2008 Actual | FY2009 Actual | FY2010 YTD | FY2011 Projection | FY2012 Projection | FY 2013 Projection |
|--------------------------------------------------------------------------------------------------------------------|---------------|---------------|------------|-------------------|-------------------|--------------------|
| % of subgrantee budget spent on programmatic costs ⁴ | Not Available | 78% | 65% | 65% | 65% | 65% |
| % of scheduled monitoring reports as defined in agency monitoring plan completed for each grant award ⁵ | Not Available | 100% | 100% | 100% | 100% | 100% |

⁴ The Wise Giving Alliance of the Better Business Bureau identifies 65% to be an industry standard for this measure <http://www.bbb.org/us/Charity-Standards/>. This metric measures all subgrantees’ programmatic costs as a percentage of their overall costs.

⁵ This monitoring function was transferred to PMD in FY09. Pursuant to 11.4 of the Grants Manual and Source Book all District agencies must complete monitoring reports. All District agencies should be in compliance with this standard. The standard is 100%.